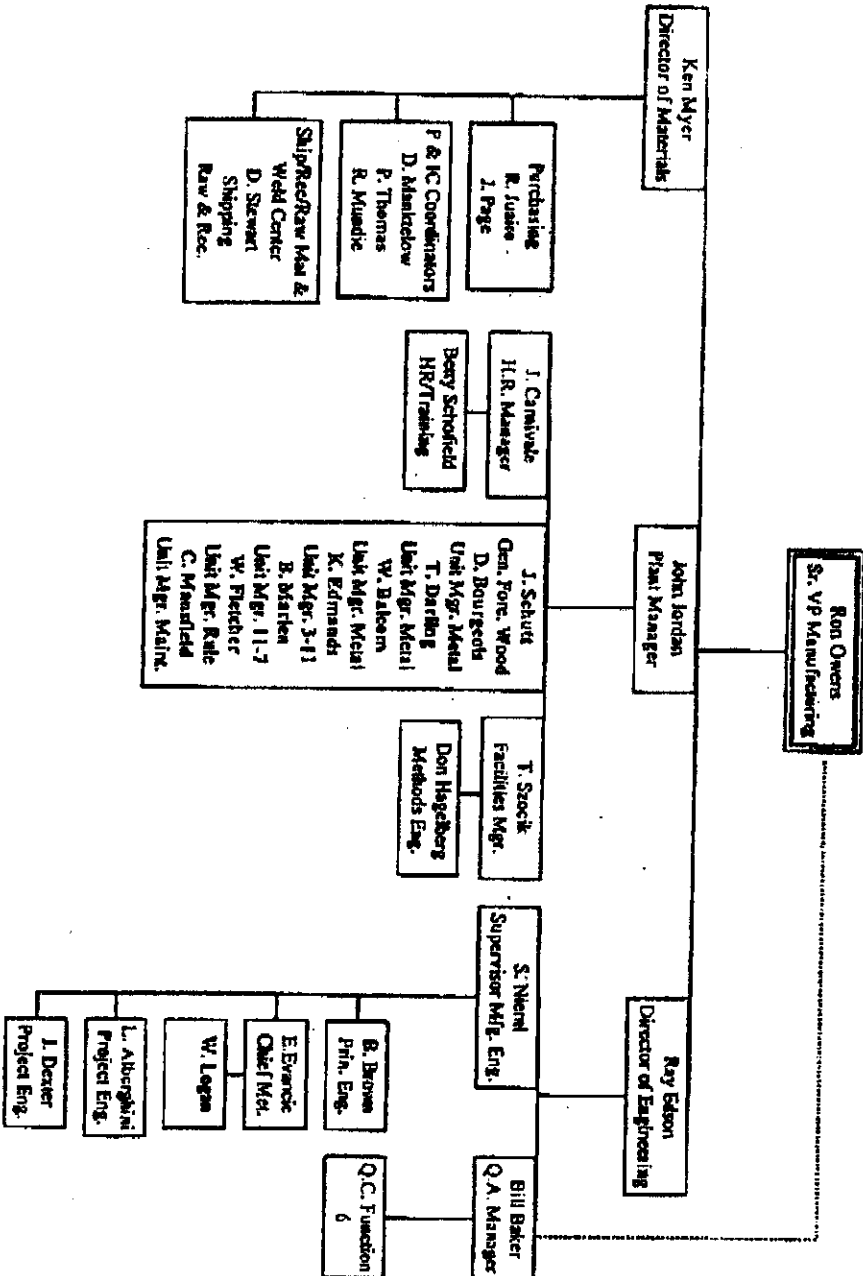


APPENDIX 1

Simonds Industries Inc.



Section (SUB)		Page(s)		Date	
Supersedes	1996-2001	Bus. Plan			
Current	14.4.1	1 of 1		2/1/00	

APPENDIX 2

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1 A. I don't recall.

2 Q. Was he there in 2000?

3 A. I really don't recall. I do not
4 recall the date that he left the company or
5 retired from the company.

6 Q. Didn't he participate in union
7 negotiations in 2000?

8 A. I really do not remember
9 specifically the year.

10 Q. Now, if Mr. Souliere had not been
11 on this disability leave or early retirement
12 as you called it, he would have been
13 terminated as well, correct, in January of
14 2000?

15 MR. FELPER: Object. It's asking
16 for a hypothetical.

17 STENOGRAPHER: I didn't hear your
18 answer.

19 THE WITNESS: I'm sorry?

20 STENOGRAPHER: I didn't hear your
21 answer.

22 A. I said I really can't say that. I
23 don't know.

24 Q. Well, you indicated that you were

1 eliminating that level of management, correct?

2 A. When the reduction in force
3 occurred, that level of management was already
4 gone.

5 Q. When did you eliminate the level of
6 management that included Mr. Larsen?

7 MR. FELPER: Objection to the form
8 of the question. He didn't say he eliminated
9 that level of management.

10 A. Say it again, please? I'm --

11 Q. When did you terminate Mr. Larsen,
12 Mr. Alberghini, and Mr. Bourque?

13 MR. FELPER: Objection. The
14 witness never said he terminated those
15 individuals.

16 A. I was aware of their termination,
17 and I believe it was in January of
18 two-thousand-and -- January of 2000.

19 Q. You and Mr. Jordan and Mr. Martino
20 discussed that you were eliminating the level
21 of management that included Ronald Larsen;
22 isn't that right?

23 A. Yes, we did discuss it.

24 Q. And Mr. Souliere was in that level

1 Q. And were you aware of those who
2 participated in the bonus plan in your
3 position as senior VP?

4 A. Yes, in a broad scale.

5 Q. And Mr. Larsen was one of those
6 members who participated?

7 A. I believe he was, yes.

8 Q. And so was Mr. Jordan?

9 A. As plant manager, yes.

10 Q. And you're aware that Mr. Larsen
11 received his bonus for the performance of
12 1999?

13 A. I don't remember it specifically.

14 Q. You have no independent
15 recollection of that?

16 A. No.

17 Q. And you remember that Mr. Jordan
18 received his bonus for the year 2000?

19 A. I recall that bonuses were achieved
20 in 2000.

21 Q. And you're aware that Mr. Jordan
22 received an \$18,000 bonus for the year 2000?

23 A. I don't recall the specific number.

24 Q. Now, did you get a bonus?

1 A. Yes.

2 Q. And did you get a bonus in 1999?

3 A. I don't think so.

4 Q. Did you get a bonus in 2000?

5 A. I think so, yes.

6 Q. And how much was that?

7 MR. FELPER: Objection. Based on
8 relevance.

9 A. Yeah. I mean, I don't -- I don't
10 know why that's -- I guess I don't know why
11 that's important.

12 Q. Well --

13 A. I'd rather not say. And it's
14 also -- it must be understood that there
15 weren't a great number of people who had a
16 bonus plan. The numbers were limited.

17 Q. Okay. But the question, sir, is
18 how much your bonus was, not anything else.

19 A. I said I'd rather not say.

20 MR. FELPER: Same objection.

21 Mr. Owens, if I just may, my --

22 MS. ELLIOTT: I'm going to --

23 MR. FELPER: -- my suggestion is
24 that you respond to the question so in case

1 the Court rules against you, you don't have to
2 make a return trip to Massachusetts. But
3 that's your call.

4 A. Somewhere north of \$50,000, if I
5 remember. I don't remember the specific
6 amount.

7 Q. You had Ms. Thibodeau call
8 Mr. Larsen to arrange this interview with him
9 for the plant manager position in Ohio?

10 A. Yes.

11 Q. Did you also have Mr. Carnivale
12 call him?

13 A. Not that I recall.

14 Q. Did Mr. Carnivale -- I'm sorry.

15 A. I really don't recall for certain.

16 Q. Did Mr. Carnivale tell you that
17 Mr. Larsen might be interested in that
18 position?

19 A. Yes.

20 Q. And you had Ms. Thibodeau call him
21 to arrange that interview after Mr. Carnivale
22 made this known to you?

23 A. Yes.

24 Q. Ms. Thibodeau was present at the

APPENDIX 3

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

RONALD LARSEN,)
Plaintiff,)
)
vs.) CA No. 01-40059
)
SIMONDS INDUSTRIES, INC.,)
Defendant.)

BEFORE: The Honorable Nathaniel M. Gorton

DAY TWO OF JURY TRIAL

John Joseph Moakley United States Courthouse
Courtroom No. 4
One Courthouse Way
Boston, MA 02210
Tuesday, May 10, 2005
9:08 A.M.

Cheryl Dahlstrom, RPR, RMR
James P. Gibbons, RMR
Official Court Reporters
John Joseph Moakley United States Courthouse
One Courthouse Way, Room 3209
Boston, MA 02210
Mechanical Steno - Transcript by Computer

APPEARANCES:

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On Behalf of the Defendant.

* * * * *

I N D E X

<u>Testimony of:</u>	<u>Direct</u>	<u>Cross</u>	<u>Redirect</u>	<u>Recross</u>
RONALD LARSEN				
by Ms. Romer	4		97	
by Mr. Felper		23		
JOHN JORDAN				
by Ms. Elliott	100			
by Mr. Felper		179		
RAYMOND MARTINO				
by Mr. Felper	128			
by Ms. Elliott		168		
ILDA THIBODEAU				
by Ms. Elliott	198			

1 observations of the Simonds Industries company in October 29,
2 1999, shortly after you became the chief operating officer?

3 A. Yes.

4 Q. In that -- in your early observations, you observed that
5 one of the negatives of the company was that it promoted
6 people from within and it had resulted in some conventional
7 wisdom mentality and lack of diversity in the management
8 ranks?

9 A. That's correct.

10 Q. You are aware that the Fitchburg facility was
11 predominately an age-protected work force at that time?

12 A. I was not.

13 Q. You were aware, after January 7, 2000, that the Fitchburg
14 facility was predominately an age-protected work force?

15 A. No, I was not.

16 Q. Well, you conducted -- you indicated that you conducted
17 disparate impact analysis in and about January 7, 2000, with
18 regard to the layoff of those individuals, correct?

19 A. That's correct, that the company conducted that analysis,
20 and I typically only see the analysis by exception. If it
21 passes the appropriate tests, then it, by default, is accepted
22 as a part of the process.

23 Q. So you had no involvement yourself in the disparate
24 impact analysis?

25 A. Correct. That's a human resource function.

1 Q. In fact, you never saw any documents with regard to that
2 analysis if one was conducted for the January 7, 2000, layoff?

3 A. To the best of my recollection, that's correct.

4 Q. Now, Fitchburg met its plan goals for the year 2000, is
5 that right?

6 A. Not that I recall. The company did not meet its
7 objectives for the year 2000. I don't remember specifically
8 whether Fitchburg did. Typically, we measure our company
9 based on a number of areas, sales performance, plant
10 performance. We don't typically view it just as a location
11 performance but more of a business performance.

12 Q. But the Fitchburg facility paid a bonus in 2000, did it
13 not?

14 A. That's correct.

15 Q. Which means that they made their plan numbers for that
16 particular year?

17 A. They either made the plan or a portion of the plan to
18 receive a bonus. It's a graduated scale.

19 Q. Now, in fact, the plan that you made for 2000 was more
20 aggressive than it was for 1999, isn't that right?

21 A. That's correct.

22 Q. And the net sales in 1999 were \$127 million, roughly,
23 correct?

24 A. Correct.

25 Q. And the net sales in 1998 were 126 million, correct?

2-170

1 A. I believe they were about 125 and a little bit, not quite
2 \$2 million less year over year.

3 Q. The net sales for the year of 2000 were approximately 125
4 million?

5 A. Yes, as I stated, about two million less or so than the
6 previous year.

7 Q. In fact, you projected a metal sales increase for 2000,
8 correct?

9 A. I believe we did, yes.

10 Q. And you projected an increase in sales for the wood
11 products as well?

12 A. Yes, we did.

13 Q. And you projected an increase for 2000 for the rule
14 products?

15 A. To the best of my recollection, we did.

16 Q. And, in fact, as of July 25, 2000, you were 5 percent
17 over the 1999 plan numbers, isn't that right?

18 A. I can't say specifically with respect to that particular
19 point in time during the year. I can speak to the full-year
20 numbers.

21 Q. As of July 25th, you were 3.6 percent over the plan
22 numbers?

23 A. I can't say honestly, as of that particular point in
24 time, where we stood with respect to our plan. As I
25 mentioned, we'd had a recession develop in the second half of

1 2000. The first half was reasonably strong and the second
2 half was weak.

3 Q. Were you at a July 25, 2000, board meeting of the
4 company?

5 A. If it was a board meeting, I was there. I don't remember
6 the date specifically, but I attend every board meeting.

7 Q. It's your testimony that you don't remember what the
8 numbers were on July 25, 2000, is that correct?

9 A. That's correct.

10 MS. ELLIOTT: May I approach?

11 THE COURT: Yes.

12 Q. Mr. Martino, could you take a moment and review this
13 document to yourself, please.

14 A. Sure, uh-huh.

15 Q. Does that refresh your memory about the fact that the
16 sales were 5 percent over 1999?

17 A. Yes.

18 Q. 2000, excuse me.

19 A. Yes.

20 Q. Does it refresh your memory that you were 3.6 percent
21 over plan for 2000?

22 A. Correct. That would have been through June even though
23 the date of the documents would have been at the board
24 meeting, is for the first two quarters of the year, the first
25 six months of the year.

1 Q. Sir, isn't it true that the cash flow as of July 1, 2000,
2 was nearly equal to what the cash flow was of the company on
3 January 1, 2000?

4 A. Again, I didn't look at that specifically. I was looking
5 at the sales numbers and I don't recall specifically.

6 Q. Your testimony is you don't remember that, correct?

7 A. I don't specifically remember that, that's correct.

8 MS. ELLIOTT: May I approach, your Honor?

9 THE COURT: Yes.

10 Q. Could you take a moment to review this document, Mr.
11 Martino, to yourself?

12 A. This would indicate that there was no change in cash over
13 the first six months of the year. That's what that cash flow
14 statement says. Cash remained the same.

15 Q. And, in fact, in July -- excuse me. In fact, in 2000,
16 the metal demand and production were at historic heights,
17 isn't that true?

18 A. They were at very strong. I'm not sure, compared to
19 history, whether they were as high as they've ever been, but
20 they certainly were strong, as I mentioned, and the first half
21 of 2000 was still a very robust business for us.

22 Q. You never implemented any recessionary cost measures in
23 2000, correct?

24 A. In the first half of 2000, we did not.

25 Q. And you never forecasted any academic slowdown until

1 Q. Now, your salary in 2000 was 289,000-plus dollars, wasn't
2 it? I'm sorry, 389,000-plus dollars?

3 A. That's correct.

4 Q. Sir, isn't it true that only five persons were laid off
5 from the Fitchburg facility in 2000?

6 A. I don't remember specifically. I do know, as I
7 mentioned, that we had a reduction in force of 60 people
8 company-wide in the first six months, that is, the fourth
9 quarter of 1999 and the first quarter of 2000. I don't
10 recollect exactly how many from each facility, but it was a
11 company-wide reduction in force.

12 Q. Well, isn't it true, sir, that you only reduced 24 people
13 in total in the year 2000 from all facilities?

14 A. That sounds about right, but, again, I don't have the
15 numbers in front of me.

16 Q. Do you not remember what the number was?

17 A. I remember the number at the time I started, and I
18 remember the numbers at the -- that the reduction in force of
19 about 60 people in the first six months and additional
20 changes. But, remember, we also had some acquisitions during
21 that period, so we added some people with the acquisitions,
22 and we had some reductions in force.

23 Q. Sir, you must remember, then, that there were only five
24 people from the Fitchburg facility that were laid off?

25 A. As I said, I don't remember exactly how many per

1 facility.

2 Q. Do you remember whether the Portland, Oregon, facility
3 had 17 terminations?

4 A. I do know the Portland facility was impacted fairly
5 heavily. I don't remember, again, exactly the right number.

6 Q. Do you remember that four people were terminated from Big
7 Rapids?

8 A. As I said, I don't remember any of the numbers
9 specifically by facility. I just remember the number in
10 total.

11 MS. ELLIOTT: Your Honor, may I approach?

12 THE COURT: Yes.

13 Q. Take a moment to review that to yourself.

14 A. Sure.

15 Q. Does that refresh your memory that in 2000 the layoffs
16 were 24 from all facilities?

17 A. I'm not sure where I see that number. I see 24
18 reductions in force; 41 resignations replaced.

19 Q. Sir, the question is just reductions in force.

20 A. Twenty-four is the number I see here.

21 Q. Isn't it true, sir, that there were only five people laid
22 off from the Fitchburg facility?

23 A. I can't construct that number from these data. I see a
24 long list of Fitchburg employees here, but I can't say whether
25 it was five or not.

1 Q. Are you familiar with the RIF and what that stands for?

2 A. Yes.

3 Q. Does that stand for reduction in force?

4 A. It does.

5 Q. Does that assist you in remembering how many people were
6 laid off in the reduction in force?

7 A. If I go through the list, there are five that are
8 classified reduction in force, yes.

9 Q. And isn't it true, sir, that there were 17 reductions in
10 force in Portland?

11 A. Approximately, yes.

12 Q. Isn't it true that, I believe, 14 of those that were laid
13 off from the Portland facility were hourly workers, not
14 salary?

15 A. That looks about right.

16 Q. Isn't it true that there were four persons reduced in
17 force from the Big Rapids facility?

18 A. Yes.

19 Q. Isn't it true, sir, that two people were rehired?

20 A. Two people --

21 Q. I'm sorry, rehired at the Fitchburg facility.

22 A. At least that I can recall.

23 Q. With those two rehires, that totals the 24 reductions in
24 force, correct?

25 A. I can't say whether that's a gross number or a net number

1 after the rehires by this document.

2 Q. Well, I guess if we added five, seventeen and four,
3 that's twenty-six, correct?

4 A. Uh-huh.

5 Q. And minus two rehires, equals twenty-four, correct?

6 A. Uh-huh. That's domestic only, as you recall.

7 Q. Yes.

8 A. Does not include international reductions in force.

9 Q. Now, you hired several executives in 2000, correct?

10 A. Two in particular.

11 Q. Well, you hired a Henry Botticello, correct?

12 A. This is a replacement for the previous chief financial
13 officer. That was just a direct replacement which, in the
14 course of business, is customary.

15 Q. And his salary was \$192,000 when you hired him, correct?

16 A. Sounds about right, but, again, I don't recall the
17 specific number.

18 Q. What did you pay the person who was there before him, if
19 you know?

20 A. I don't know.

21 Q. And you hired a Susan Caselli as vice president of
22 information technology, correct?

23 A. That's correct.

24 Q. And her salary was \$138,000?

25 A. That sounds about right.

1 Q. And you hired a Paul Bencoit?

2 A. That's correct.

3 Q. And he was vice president supply chain management?

4 A. Correct.

5 Q. And he garnered a salary of \$135,000, isn't that correct?

6 A. That sounds about right.

7 Q. And you never saw these documents in which you claim
8 there was a disparate impact analysis done regarding the 2000
9 layoff?

10 A. As I mentioned, not that I recall. Typically, I'll only
11 see something by exception.

12 MS. ELLIOTT: No further questions, your Honor.

13 THE COURT: Any redirect?

14 MR. FELPER: No, your Honor.

15 THE COURT: Thank you, Mr. Martino. You may step
16 down. And now we will resume the plaintiff's case. The
17 direct examination had been completed, correct?

18 MS. ELLIOTT: Yes, your Honor.

19 THE COURT: Then Mr. Jordan will be recalled for
20 cross-examination.

21 Just for your information, jurors, now we're through
22 with the insert. That was defendant's case. We're going back
23 to the plaintiff's case now. And as you'll recall, Mr. Jordan
24 had direct examination completed, so he is now being made
25 available for cross-examination by defendant's lawyer.